

WASHINGTON, DC (March 3, 2011) – Rep. Jan Schakowsky (D-IL) submitted the following statement in opposition to H.R. 4, the Small Business Paperwork Mandate Elimination Act of 2011.

Mr. Speaker, I rise in opposition to H.R. 4, the Small Business Paperwork Mandate Elimination Act of 2011.

We all agree that the 1099 reporting requirements added by the Senate to the Affordable Care Act need to go. That is not in question. None of us wants to burden small business men and women with unreasonable reporting burdens. All of us are committed to eliminating this requirement.

In fact, we could have and should have solved this problem last year, when the House voted on H.R. 5982, the Small Business Tax Relief Act. Unfortunately, all but two Republicans voted against that bill. That bill, like today's bill, would eliminate the 1099 provision. Unlike today's

bill, however, it paid for the \$24.9 billion cost of repeal in a very, very different manner.

H.R. 5982, the Democratic approach, would have paid for reform by eliminating tax loopholes that allow corporations to ship jobs overseas. It would have solved the problem while also eliminating incentives to locate operations overseas. Creating American jobs should be our number one priority, and H.R. 5982 would have helped us do that.

H.R. 4, the Republican approach, doesn't close corporate offshoring loopholes. Instead, it puts the \$24.9 billion cost of repealing the 1099 reporting requirements squarely on the backs of middle-class families. It undermines the entire approach of the Affordable Care Act – to help individuals and families obtain affordable, quality health care – by imposing taxes on those who receive assistance to help pay premiums and cost-sharing requirements.

Under the Republican bill, individuals and families who are eligible to get assistance at the beginning of the year are subject to taxation if they are fortunate enough to get a raise or a better job by the end of the year. Even if they are a few dollars over the eligibility limit, the Joint

Committee on Taxation estimates that they could be subject to taxes up to \$6,000 under H.R. 4. The assistance, by the way, is given directly to the insurance company but the tax penalty would come directly out of the pockets of families.

The Republican bill not only would impose harsh penalties on middle-class families, it would also undermine the second principle of the Affordable Care Act: to expand coverage. Again according to the Joint Committee on Taxation, it would take away coverage from 266,000 Americans who would no longer take insurance because of concerns that they could potentially be required to pay substantial taxes the following year.

I wish I could vote today to repeal the 1099 reporting requirements, just as I voted to repeal them last year. I cannot, however, solve the burden on small businesses by imposing a burden on middle-class families, particularly when we have so many better choices to pay for repeal.